

## Consultation Document

### Annual Practising Certificate Fee and Disciplinary Levy 2012/13 year – Dentists and Dental Specialists

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#### Executive Summary

Health practitioners' annual practising certificate fees (APC) and disciplinary levies are set by health regulatory authorities under sections 130 and 131 of the Health Practitioners Competence Assurance Act 2003 (the Act).

In December 2011 Council consulted on the 2012/13 budget that allowed for a 2.1% CPI inflation adjustment<sup>1</sup>. The budgetary figures have now been confirmed and closing reserves determined. Council is now consulting on the dentist and dental specialist<sup>2</sup> APC fee and disciplinary levy.

The APC fee and disciplinary levy for dentists are based on:

- Council and Dentist Profession budgets and projections for 2012/13 and 2013/14; and,
- the actual operational and disciplinary reserve balances for dentists as at 31 March 2012, adjusted to minimum levels set by Council's Level of Reserves policy.

#### Components of the APC fee and disciplinary levy<sup>3</sup>

The components making up the combined dentist APC fee and disciplinary levy are set out in the following table. The fees and levy are based on a budget of 2,070 dentists:

Dentist APC Fee and Disciplinary Levy	2011/12 <i>GST Exclusive</i>	2012/13 <i>GST Exclusive</i>	% Change
Operational APC fee	\$510.91	\$728.93	43%
Capital replacement APC fee	\$76.48	\$1.18	(98%)
<b>Total APC fee</b>	<b>\$587.39</b>	<b>\$730.11</b>	<b>24%</b>
<b>Disciplinary levy</b>	<b>\$148.02</b>	<b>\$29.71</b>	<b>(80%)</b>
<b>Total APC fee and disciplinary levy</b>	<b>\$735.41</b>	<b>\$759.82</b>	<b>3%</b>

The APC fee and disciplinary levy for dentists for the practising year, commencing 1 October 2012, is proposed at \$759.82 (\$873.79 GST inclusive). This represents a 3% increase on the 2011/12 combined fee/levy of \$735.41 (\$845.72 GST inclusive).

The APC fee is comprised of a number of components:

- the cost of Council activities (*e.g. Secretariat overheads, communications, Council member liaison and meeting costs*);
- the cost of profession specific activities (*e.g. registration and examination activities, professional standards cases such as competency, individual recertification programmes and health*); and
- capital replacement reserves (*e.g. to meet future IT project software development costs either for a stand alone or shared system, office furniture and equipment*).

<sup>1</sup> Reserve Bank CPI indicator for 30 March 2012

<sup>2</sup> Dentists and Dental Specialists are collectively referred to as "dentists"

<sup>3</sup> All values are GST exclusive unless otherwise stated.

The APC fee also includes an amount to cover the shortfall in the dentist profession operational reserve as at 31 March 2012. At 31 March 2012 the dentist operational reserve totalled \$146k compared to a minimum reserve level of \$299k (including \$105k for the competence reserve); a shortfall of \$153k. Minimum reserve levels are determined in accordance with Council's Level of Reserves policy. During 2011/12 the minimum reserve level for dentists was revised from \$195k to \$299k to provide for additional contingencies, particularly with respect to the increasing costs and volume of both competence reviews and other professional standards cases. At 31 March 2012 there were 49 dentists professional standards cases in progress compared to 26 at 31 March 2011; an 88% increase in cases managed for the year.

The APC fee for the 2011/12 year included a one-off credit adjustment of \$92.95 to refund surplus dentist operational reserves. This adjustment was made to mitigate the effect of having to set a high disciplinary levy of \$148.01 in the same year to meet extraordinary disciplinary costs. Adding the one off credit adjustment of \$92.95 to the 2011/12 operational APC fee of \$510.91 brings the fee back to its true base of \$603.86. Comparing this with the proposed 2012/13 operational APC fee of \$728.93 gives a corrected increase between 2011/12 and 2012/13 of \$125.07. This variance can be attributed to the shortfall in the minimum dentist operational reserve compared to actual at 31 March 2012 of \$153k or \$73.91 per practitioner; and the impact of an increase in costs between 2011/12 and 2012/13 of \$106k or \$51.16 per practitioner.

The capital replacement reserve in 2011/12 was \$76.48 and decreases to \$1.18 per practitioner for the 2012/13 recertification cycle. The fee has been reduced markedly due to the capital replacement reserve being fully funded at 31 March 2012 at \$285k to meet budgeted and projected capital expenditure in 2012/13 and 2013/14 respectively.

The dentist disciplinary levy in 2011/12 was \$148.02 and decreases to \$29.71 per practitioner for the 2012/13 recertification cycle. The 2012/13 disciplinary levy of \$29.71 per practitioner is required to replenish the dentist disciplinary reserve to the minimum of \$175k (as set by Council's Level of Reserves policy) by 31 March 2013. The actual dentist disciplinary reserve balance at 31 March 2012 was \$114k, which was greater than expected primarily through the recovery of costs of \$88k in one longstanding discipline case and \$26k costs and fines awarded and received from two PCC/HPDT cases during 2011/12.

## Discussion/Consultation points

The Council invites all stakeholders to provide comment on the proposed 2012/13 dentist APC fee and disciplinary levy to be effective from 1 October 2012 as follows:

1. to impose a dentist disciplinary levy of \$29.71 (\$34.16 GST inclusive) per practitioner ; and
2. to prescribe a total Dentist APC fee of \$730.11 (\$839.63 GST inclusive).

## Conclusion

The objective of this consultation is to gather views from the sector on the disciplinary levy and the proposed APC fee to take effect from 1 October 2012, in order for Council to make a final decision. The Council therefore seeks any comments on the proposal by **3 August 2012** following which Council will consider all submissions at its next scheduled meeting. In accordance with sections 130 and 131 of the Act and Council's consultation guidelines, copies of this consultation document have been sent to all dentists, dental specialists, relevant associations and societies; the Ministry of Health, District Health Boards and other organisations with an interest.

This document will also be published on the Council's website, with a similar invitation to comment.

Responses should be sent to:

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Yours sincerely



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